REAL ESTATE COMMISSION
STATE OF HAWAII
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
PROFESSIONAL AND VOCATIONAL LICENSING DIVISION
1010 Richards Street - P. O. Box 3469
Honolulu, Hawaii 96801

CONDOMINIUM PUBLIC REPORT

on

LAULE'A
980 South Kihei Road
Kihei, Maui, Hawaii, 96753

Registration No. 1557

Issued: March 16, 1990
Expires: September 16, 1990

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of March 12, 19 90, and is issued by the Commission for informational purposes only. It represents neither approval nor disapproval of the project. Buyers are encouraged to read this report carefully.

Type of Report:

_____ **PRELIMINARY:** *(yellow)* The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued when complete information is filed.

_____ **FINAL:** *(white)* The developer has legally created a condominium and has filed complete information with the Commission.
[ ] No prior reports have been issued
[ ] Supersedes all prior public reports
[ ] Must be read together with _____

X **SUPPLEMENTARY:** *(pink)* Updates information contained in the
[ ] Prelim. Public Report dated _____
[X] Final Public Report dated December 29, 1983
[ ] Supp. Public Report dated _____

And [X] Supersedes all prior public reports
[ ] Must be read together with _____

[X] This report reactivates the final public report(s) which expired on January 30, 1986

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

[ ] Required [X] Not Required - disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

The Laule'a Resort Joint Venture ("TLRJV") is named as the Developer in this Supplementary Report. However, TLRJV has only purchased all of the apartments in the Condominium in September, 1989, after the Condominium was completed, and did not develop, design, construct or arrange for the development, design or construction of the Condominium or any of the apartments in it. The Condominium was developed by someone else (the "Original Developer"), and was built in 1984.

TLRJV has amended the Declaration to reserve certain rights; entered into a new escrow agreement; retained a new company as real estate sales agent for the Condominium; eliminated and modified parts of the specimen sales contract and is selling apartments "as is", without any warranties; and on behalf of the Association hired a new company as the managing agent for the Condominium. The new managing agent has prepared a revised budget and estimated maintenance fees.

Certain encumbrances on title have been cancelled. TLRJV has placed a new mortgage on the property, and may refinance and increase this mortgage, or place additional mortgages on the Condominium. However, as stated in part E., page 15 of this Report, before an apartment is conveyed to a buyer, it must be free and clear of all mortgages.

The Association of Apartment Owners has made improvements to certain common elements, the cost of which is assessed to and are to be paid by TLRJV only as a one time special assessment.

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EXHIBIT A: Apartment Description; Boundaries of Each Apartment; Permitted Alterations to Apartments.
EXHIBIT B: Common Elements.
EXHIBIT C: Common Interests.
EXHIBIT D: Encumbrances Against Title.
EXHIBIT E: Estimate of Initial Maintenance Fee and Estimate of Maintenance Fee Disbursements.
EXHIBIT F: Summary of Sales Contract and Escrow Agreement.

GENERAL INFORMATION ON CONDOMINIUMS

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of Hawaii's *"Condominium Property Act"* (Chapter 514A, Hawaii Revised Statutes) must be followed.

If you are a typical condominium apartment owner, you will have two kinds of ownership: (1) ownership in your individual apartment; and (2) an undivided interest in the common elements.

Common elements are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called limited common elements and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged, or encumbered, and they may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owner/tenant) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements. The leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

Operation of the Condominium Project

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without a vote of the owners. Some of these actions may significantly impact the quality of life for all apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is vitally important to all apartment owners that the transition from developer to owner control be accomplished in an orderly manner and in a spirit of cooperation.

SUMMARY OF THE CONDOMINIUM PROJECT

Interest to be Conveyed to Buyer:

[XX] Fee simple interest in an apartment and an undivided feehold interest in the common elements.
[ ] Leasehold interest in an apartment and an undivided leasehold interest in the common elements.
[ ] Fee simple interest in an apartment and an undivided leasehold interest in the common elements.

Types of Project:

1. [XX] New Building(s) as of 1984 [ ] Conversion
   [ ] Both New Building(s) and Conversion

2. [XX] Residential [ ] Commercial
   [ ] Mixed Residential and Commercial
   [ ] Other _____

3. [ ] High Rise (5 stories or more) [X] Low Rise

4. [ ] Single or [XX] Multiple Buildings

5. Apartment Description See Exhibit "A"

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Lanai/Patio (sf)

Total Apartments: 58

**Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.*

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

6. Parking:

	Number of Stalls
Assigned Stalls (Individual Units)	
Guest Stalls	
Unassigned Stalls	73
Extra Stalls Available for Purchase	
Other: _____	
Total Parking Stalls	73

7. Recreational amenities: Swimming pool, jacuzzi and cabana with rest rooms and sauna baths.

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: THE LAULE'A RESORT JOINT VENTURE
Name
980 South Kihei Road
Business Address
Kihei, Maui, Hawaii 96753

Phone: 1-879-5247 (Business)

Names of officers or general partners of developers who are corporations or partnerships:
SHELL REALTY MAUI, INC., 980 S. Kihei Road, Kihei, Maui, HI.
WELK RESORT GROUP (MAUI), a Hawaii general partnership, whose parters are The Welk Group, Inc., a California corporation and Kemper Development (Maui), Inc., a California Corporation, 980 S. Kihei Road, Kihei, Maui, Hawaii, 96753

Real Estate Sales Agent: BARRY LEE BROWN dba
BARRY BROWN REALTY
Name
888 Walmee Street, No. 214
Business Address
Lahiana, Maui, Hawaii, 96761

Phone: 661-1800 (Business)

Escrow: HAWAII ESCROW & TITLE, INC.
Name
700 Bishop Street, Room 112
Business Address
Honolulu, Hawaii, 96813

Phone: 521-2977 (Business)

Managing Agent: BARRY LEE BROWN dba
BARRY BROWN REALTY
Name
888 Walmee Street, No. 214
Business Address
Lahiana, Maui, Hawaii, 96761

Phone: 661-1800 (Business)

(Note: The application of the Managing Agent for licensing as a Condominium Managing Agent is pending before the Commission.)

Attorney for Developer: ROBERT E. WARNER, ESQ.
Name
1190 Pacific Tower, 1001 Bishop St.
Business Address
Honolulu, Hawaii, 96813

II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Horizontal Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners.

A. Declaration of Horizontal Property Regime contains a description of the land, buildings, apartments, common elements, limited common elements, common interests, and other information relating to the condominium project.

The Declaration for this condominium is:

[ ] Proposed
[X] Recorded — Bureau of Conveyances — Book 17350 Page 721
[ ] Filed — Land Court — Document Number _____

Amendment date(s) and recording/filing information:

June 19, 1984; Book 17957, Page 104
November 15, 1984; Book 18273, Page 346
February 7, 1990, Document No. 90-20968

B. Condominium Map (File Plan) shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

[ ] Proposed
[X] Recorded — Bureau of Conveyance Condo Map No. 883
[ ] Filed — Land Court Condo Map No. _____

Amendment date(s) and recording/filing information: N/A

C. Bylaws of the Association of Apartment Owners govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the way in which meetings will be conducted, and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

[ ] Proposed
[X] Recorded — Bureau of Conveyances — Book 17350 Page 733
[ ] Filed — Land Court — Document Number _____

Amendment date(s) and recording/filing information: N/A

D. House Rules. The Board of Directors may adopt house rules to govern the use and operation of the common elements and individual apartments. House rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais, keeping of pets, and occupancy limits. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial house rules are usually adopted by the developer.

The House Rules for this condominium are:
[ ] Proposed [X] Adopted

[ ] Developer does not plan to adopt house rules.

E. Changes to Condominium Documents

Changes to the Declaration, Condominium Map, and Bylaws are effective only if they are duly adopted and recorded and/or filed. Changes to House Rules do not need to be recorded or filed to be effective.

1. Apartment Owners: Minimum percentage of apartment owners who must vote for or give written consent to changes:

	Minimum Set by Law	This Condominium
Declaration (and Condo Map)	75%	75%
Bylaws	65%	Stated Percentage is 75%
House Rules	—	

The percentages for individual condominium projects may be more than the minimum set by law.

2. Developer: The developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws, or House Rules:

The Laule'a Resort Joint Venture has reserved the right (but is not obligated) to install a central air conditioning system as a common element.

The Condominium Statute (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

[XX] Fee Simple: Individual apartments and the common elements which includes the underlying land will be in fee simple.

[ ] Leasehold or Subleasehold: Individual apartments and the common elements which includes the underlying land will be leasehold.

The leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.

Exhibit _____ contains further explanations.

Lease Term Expires: _____
Rent Renegotiation Date(s): _____
_____

Lease Rent Payable: [ ] Monthly [ ] Quarterly
[ ] Semi-Annually [ ] Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per
[ ] Month [ ] Year.

[ ] Individual Apartments in Fee Simple Common Interest in the Underlying Land in Leasehold or Subleasehold:

The leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners - tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit _____ contains further explanations.

Lease Term Expires: _____
Rent Renegotiation Date(s): _____
_____

Lease Rent Payable: [ ] Monthly [ ] Quarterly
[ ] Semi-Annually [ ] Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per
[ ] Month [ ] Year.

[ ] Other:

For Subleaseholds:

[ ] Buyer's sublease may be cancelled if the master lease between the sublessor and fee owner is
[ ] Cancelled [ ] Foreclosed

[ ] As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is cancelled or foreclosed.

B. **Underlying Land:**

Address: 980 South Kihei Road
Kihei, Maui, Hawaii, 96753

Tax Map Key: 3-9-001-004(2)
(TMK)

[ ] Address [ ] TMK is expected to change because _____

Land Area: _____ [ ] square feet [ ] acre(s) Zoning: A-2 Apartment

Fee Owner: THE LAULE'A RESORT JOINT VENTURE
Name
980 South Kihei Road
Address
Kihei, Maui, Hawaii, 96753

Sublessor: _____
Name
_____
Address
_____

C **Buildings and Other Improvements:**

1. [XX] New Building(s) as of 1984 [ ] Conversion of Existing Building(s)
   [ ] Both New Building(s) and Conversion

2. Buildings: two Floors Per Building 4 (Bldg. A) and 3 (Bldg. B)

   [ ] Exhibit _____ contains further explanations.

3. Principal Construction Material:

   [X] Concrete [ ] Hollow Tile [X] Wood

   [ ] Other _____

4. Permitted Uses:

	No. of Apts.		No. of Apts.
[ ] Commercial		[ ] Industrial	
[X] Residential	All (58)	[ ] Agricultural	
[X] Timeshare/Hotel	All (58)	[ ] Recreational	
[ ] Other:			

5. Special Use Restrictions:

The Declaration, Bylaws, and House Rules may contain restrictions on the use and occupancy of apartments. Restrictions for this condominium project include but are not limited to:

[X] Pets

[ ] Number of Occupants:

[X] Other: See Condominium Declaration and By-Laws generally, specifically Article V, Section 4 of the By-Laws; also the House Rules. Time share and time share ownership plan permitted in project.

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Total Apartments 58

Elevators 1 Stairways 4 Trash Chutes 0

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Lanai/Patio (sf)
3-A	1	3/3	1160	196
2-A	2	2/2	872	196
2-B	5	2/2	930	133
2-C	8	2/2	928	108
2-D	2	2/2	928	196
2-E	11	2/2	885	108
2-F	1	2/2	965	112
2-G	3	2/2	948	137
2-H	1	2/2	1190	250
2-J	1	2/2	1160	250
1-A	16	1/1	598	108
1-B	3	1/1	644	112
1-C	3	1/1	822	108
1-D	1	1/1	874	112

**Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.*

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

Boundaries of Each Apartment: See Attached Exhibit A.

Permitted Alterations to Apartments; See Attached Exhibit B.

7. Parking Stalls:

Total Parking Stalls: 73

	Regular		Compact		Tandem		
	covered	open	covered	open	covered	open	TOTAL
Assigned (for individual units)							
Guest							
Unassigned		73					
Extra Available for Purchase							
Other:							
Total Covered & Open	73						

Each apartment will have the exclusive use of ~~at least~~ no parking stall(s). Buyers are encouraged to find out which stall(s) will be available for their use.

[ ] Commercial parking garage permitted in condominium project.

[ ] Exhibit _____ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities.

[ ] There are no recreational or common facilities.

[X] Swimming pool

[ ] Storage Area

[ ] Recreation Area

[ ] Laundry Area

[ ] Tennis Court

[ ] Trash Chute

[X] Other: jacuzzi, cabana with rest rooms, sauna baths; Manager/Lobby Building

N/A 9. Present Condition of Improvements
(For conversions of residential apartments in existence for at least five years):

a. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations

b. Compliance With Building Code and Municipal Regulations; Cost to Cure Violations

10. Conformance to Present Zoning Code

a. [X] No variances to zoning code have been granted.

[ ] Variance(s) to zoning code was/were granted as follows:

b. Conforming/Non-Conforming Uses, Structures, Lot

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawful at one time but which does not now conform to present zoning requirements.

	Conforming	Non-Conforming	Illegal
Uses	X		
Structures	X		
Lot	X		

If a variance has been granted or if uses, improvements or lot are either non-conforming or illegal, buyer should consult with county zoning authorities as to possible limitations which may apply.

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

The buyer may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure, or lot.

D. Common Elements, Limited Common Elements, Common Interest:

1. Common Elements: Common Elements are those parts of the condominium project intended to be used by all apartment owners. They are owned jointly by all apartment owners.

   [X] Exhibit B describes the common elements.

   [ ] As follows:

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

   [X] There are no limited common elements in this project.

   [ ] The limited common elements and the apartments which may use them are:

   [ ] described in Exhibit _____

   [ ] as follows:

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is often used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium. It may also be used for other purposes, including voting on matters requiring action by apartment owners.

   [X] Exhibit C describes the common interests for each apartment.

   [ ] As follows:

E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property.

Exhibit D describes the encumbrances against the title contained in the title ~~report~~ policy dated September 19, 1989.

Blanket Liens:

A blanket lien is a mortgage on a condominium project that secures a construction loan. It is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

[ ] There are no blanket liens affecting title to the individual apartments.

[X] There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. Buyer's interest will be affected only if the developer defaults prior to conveying the apartment to buyer.

Type of Lien	Effect on Buyer's Interest If Developer Defaults
Mortgage	Buyer's Interest under a sales contract is subject to the interests of the holder of the Mortgage. Among other things, this means that if THE LAULE'A RESORT JOINT VENTURE defaults, the holder may take over the property so that the buyer would lose his or her rights and claims to the apartment. If this happens, the buyer would get his or her money back from Escrow. Before an apartment is conveyed to the Buyer, it must be free from the Mortgage.

F. Management of the Common Elements: The Association of Apartment Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a managing agent to assist the Association in managing the condominium project.

Initial Managing Agent: When the developer or the developer's affiliate is the initial managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

The initial managing agent for this condominium is:

[XX] not affiliated with the Developer.

[ ] the Developer or the Developer's affiliate.

[ ] other _____

G. **Estimate of Initial Maintenance Fees:**

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, your apartment may be liened and sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided to each apartment.

Exhibit E contains a schedule of maintenance fees and maintenance fee disbursements.

H. **Utility Charges for Apartments:**

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

[ ] Electricity

[ ] Gas

[ ] Other _____

[ ] Not applicable

[ ] Television Cable

[ ] Water & Sewer

I. **Construction Warranties:**

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

1. Building and Other Improvements: TLRJV did not develop, design, construct or arrange for the development, design or construction of the Condominium or any of the Apartments in it and each Purchaser buys from TLRJV "as is". THIS MEANS THAT: (a) TLRJV IS NOT GIVING ANY WARRANTIES, EXPRESS OR IMPLIED, ON ANY UNIT OR THE CONDOMINIUM OR ON ANY FURNISHINGS. THE OWNERS DO NOT HAVE FROM: (1) ANY WRITTEN WARRANTIES, OR (2) ANY WARRANTIES THAT THE LAW MIGHT OTHERWISE GIVE THEM. THEY DO NOT HAVE ANY WARRANTIES OF MERCHANTABILITY; OR FITNEXX FOR A PARTICULAR PURPOSE; OR HABITABILITY; OR WORKMANLIKE CONSTRUCTION OR SUFFICIENCY OF DESIGN; OR ANY OTHER WARRANTY. This also means that the Owners and the Association cannot complain against TLRJV or force TLRJV to fix any defect. It also makes no difference what causes the defect or when it is discovered. The Developer doesn't have to fix it or pay for it to be fixed. The Associaton and/or the Condominium Association will have to fix all defects or pay someone else to fix them. As a member of the Association and Condominium Association, each Owner will have to pay his One Share. (b) EACH OWNER ALSO GIVES UP ("RELEASES AND DISCHARGES") ALL CLAIMS AGAINST TLRJV OVER ANY DEFECT. THIS INCLUDES ALL CLAIMS OF NEGLIGENCE. EACH OWNER ALSO AGREES THAT TLRJV HAS NO LIABILITY FOR ANY INJURY OR DAMAGE TO PEOPLE OR THINGS WHICH MIGHT BE CAUSED BY ANY DEFECT. EACH OWNER ALSO RELEASES AND DISCHARGES TLRJV FROM THIS KIND OF LIABILITY TOO. To the extent available, the Association may get insurance to protect against this kind of liability. Each Owner is also free to buy his own insurance at his own expense.

2. Appliances: See 1. above.

J. Status of Construction and Estimated Completion Date:

Condominium was completed in 1984 by the Original Developer, not The Laule'a Resort Joint Venture

The Association is expanding the swimming pool deck. This improvement should be completed by March 1990.

K. Project Phases:

The developer [ ] has [X] has not reserved the right to add to, merge, or phase this condominium.

Summary of Developer's Present Plans for Future Development: None.

L. Sales Documents Filed with the Real Estate Commission:

Sales documents on file with the Real Estate Commission include but are not limited to:

[ ] Notice to Owner Occupants

[X] Specimen Sales Contract

Exhibit F contains a summary of the pertinent provisions of the sales contract.

[X] Escrow Agreement dated September 29, 1989

Exhibit F contains a summary of the pertinent provisions of the escrow agreement.

[ ] Other _____

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

All of the apartments are subject to a time share declaration establishing a time share program, and TLRJV plans to sell time share interests in the apartments covered by this Report. TLRJV has registered the time share program for sale with the Department of Commerce and Consumer Affairs of the State of Hawaii. The time share aspects of TLRJV's offering of time share interests are not covered by this Report, and purchasers and prospective purchasers of these time share interests are referred to TLRJV's time share registration for this information. The County of Maui has confirmed that the Condominium is located in a time share approved zone, and the Condominium documents explicitly and prominently permit timesharing.

The Developer has the right to use the apartments it owns (and time share interests it owns) in the Project for sales purposes and for office use and to use the common elements of the Project for sales purposes, including the right to install a satellite dish. These rights shall last until the earlier of: (a) December 31, 2000; or (b) the date the last apartment or time share interest is sold by the Developer and the sale is recorded.

Buyer's Right to Cancel Sales Contract:

A. Rights Under the Condominium Statute:

Preliminary Report: Sales made by the Developer are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to $250.00.

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

Final Report, Supplementary Report to a Final Report: Sales made by the Developer are binding if:

1. The Developer delivers to the buyer a copy of:
   a. Either the Final Public Report OR the Supplementary Public Report which has superseded the Final Public Report;
   AND
   b. Any other public report issued by the Commission prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
2. The buyer is given an opportunity to read the report(s); and
3. One of the following has occurred:
   a. The buyer has signed a receipt for the report(s) and waived the right to cancel; or
   b. Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
   c. The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

1. There is a material change in the condominium which directly, substantially, and adversely affects (a) the use or value of the buyer's apartment or its limited common elements; or (b) the amenities available for buyer's use; and
2. The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

B. Rights Under the Sales Contract:

Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the condominium. These include but are not limited to the:

1. Condominium Public Reports issued by the Hawaii Real Estate Commission.
2. Declaration of Condominium Property Regime and Condominium Map.
3. Bylaws of the Association of Apartment Owners.
4. House Rules.
5. Escrow Agreement.
6. Hawaii's Condominium Law (Chapter 514A, HRS, as amended; Hawaii Administrative Rules, Chapter 16-107, adopted by the Real Estate Commission).
7. Other Time share Disclosure Statement accepted by the Department of Commerce & Consumer Affairs and the Time Share Declaration and other documents.

If these documents are not in final form, the buyer should ask to see the most recent draft.

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Law (Chapter 514A, HRS, and Hawaii Administrative Rules, Chapter 16-107) are available at the Department of Commerce and Consumer Affairs.

This Public Report is a part of Registration No. 1557 filed with the Real Estate Commission on August 9, 1983.

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Expiration Date of Reports. Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the date of issuance unless a Supplementary Public Report is issued or unless the Commission issues an order extending the effective period for the report.

Peter N. Yanagawa

PETER N. YANAGAWA, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

Bureau of Conveyances
Department of Finance, County of Maui
Planning Department, County of Maui
Federal Housing Administration
Escrow Agent

EXHIBIT "A"

APARTMENT DESCRIPTION

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Lanai/Patio (sf)
3-A	1	3/3	1160	196
2-A	2	2/2	872	196
2-B	5	2/2	930	133
2-C	8	2/2	928	108
2-D	2	2/2	928	196
2-E	11	2/2	885	108
2-F	1	2/2	965	112
2-G	3	2/2	948	137
2-H	1	2/2	1190	250
2-J	1	2/2	1160	250
1-A	16	1/1	598	108
1-B	3	1/1	644	112
1-C	3	1/1	822	108
1-D	1	1/1	874	112

EXHIBIT "A"

BOUNDARIES OF EACH APARTMENT

The Declaration provides that:

The perimeter of each of the apartments is established by the floor area computed in accordance with Condominium Rule 16-107-6, as the net living area of the enclosed portion of the apartment measured from the interior surface of the apartment perimeter walls, plus lanai area. Each unit includes all walls, partitions, floors, ceilings and other improvements within this perimeter; the adjacent lanai shown on the Condominium Map; all air space within the perimeter (including the lanai); the interior decorated or finished surfaces of the perimeter walls, floors and ceiling; and all glass, windows and window frames, doors and door frames along the perimeter (including the lanai). But each apartment does not include any common elements in it (which are listed later).

PERMITTED ALTERATIONS TO APARTMENTS

The By-Laws provides that:

(a) Additions, alterations, repairs or improvements to the common elemnts of the Condominium may be made only by or at the direction of the Board.

(b) Whenever in the judgement of the Board the common elements shall require additions, alterations, repairs or improvements with a total cost of less than ten percent (10%) of the Association's budget for that year, after first applying available insurance and condemnation proceeds and funds held in any capital improvement savings account, the Board may proceed with such additions, alterations, repairs or improvements and shall assess the cost thereof as a common expense. Any additions, alteration, repairs or improvements costing in excess of said ten percent (10%) may be made by the Board only after obtaining the vote or written approval of a majority of the Owners. The cost thereof shall constitute part of the common expenses.

(c) Restoration or replacement of any building or buildings in the Condominium or construction, alteration or addition to any such building or buildings different in material respect from what is then shown on the Condomijnium Map, or described in the Condominium Declaration shall be undertaken by the Association only pursuant to an amendment to the Condominium Declaration and Map (if applicable), duly executed or authorized by the affirmative vote of a majority of the Owners (or such other and higher percengage of Owners in those circumstances where the vote of such other and higher percentage of Owners is expressly and affirmatively required by the Condominium Act, the Condominium Declaration or these By-Laws), accompanied by the written consent of the holders of all liens on the affected apartments, and in accordance with complete plans and specifications therefor first approved in writing by the Board.

Promptly upon completion of such restoration, replacement, construction, alteration or addition, the Association shall duly record or file of record such amendment to the Condominium Declaration, together with an amendment to the Condominium Map certified by a registered architect or professional engineer: (i) to be an accurate copy of the portions of the plans therefor as filed with and approved by the county or city and county officer having jurisdiction over the issuance of permits for the construction of buildings, and, if affecting any apartment numbers and dimensions of the affected apartments, as built. Provided, however, that the foregoing provision of this subparagraph (c) shall not apply to the construction, alterations or additions to the common elements which are of a type that are not then generally required by the Condominium Act to be shown on a condominium map.

(d) No Owner shall do any work to his Apartment which could jeopardize the soundness or safety of any part of the Condominium, reduce the value thereof, or impair any easement or hereditament, nor may any Owner add any material structure or excavate any additional basement or cellar, without in every such case the consent of seventy-five percent (75%) of the Owners being first obtained, together with the consent of all Owners whose apartments or limited common elements appurtenent thereto are directly affected. However, the installation of solar energy devices as defined by section 468B-1, Hawaii Revised Statues, or additions to or alterations of an apartment made within such apartment or within a limited common element appurtenant to and for the exclusive use of the apartment shall required approval only by the Board. The Board shall not unreasonably withhold or delay its approval, and shall have the obligation to answer any written request by an Owner for its consent within thirty (30) days after its recept of such a request describing the proposed alteration in reasonable detail.

EXHIBIT "B"

Common Elements. The common elements will include all portions of the land and improvements, other than the apartments, including the apartment buildings, the land on which they are located, and all elements mentioned in the Condominium Act as common elements which are actually constructed on the land herein described. The common elements shall include, but are not limited to:

(a) Said land in fee simple.

(b) All foundations, floor slabs, columns, girders, beams, supports, load-bearing walls, main walls, interior walls separating adjacent apartments in the same building (except the inner decorated surfaces of such walls), railings, halls, roofs of the building, stairs, stairways, fire escapes and entrances and exits of the apartment building.

(c) All yards, grounds, landscaping, refuse areas and facilities, and switchrooms.

(d) All building walkways, building sidewalks, pathways, parking areas, parking stalls, driveways and roads within the Condominium.

(e) All ducts, electrical equipment, transformers, wiring and other central and appurtenant installations including power, light, water, sewer, gas and telephone, if installed; all pipes, plumbing, wires, conduits or other utility or service lines, which run through an apartment but which are utilized by or serve more than one apartment; and central air conditioning and like utilities, if installed.

(f) All other portions of the land and improvements not specifically heretofore designated as apartments, but which are intended for common use and all other devices and installations existing for or rationally of common use or necessary to the existence, upkeep and safety of the Condominium.

(g) All recreational facilities, including a swimming pool, pool deck, jacuzzi and cabana.

(h) The Manager/Lobby Building and other administrative type of building and area, if any, shown on the Condominium Map.

EXHIBIT "C"

COMMON INTEREST

Type of Apartment	Apartment Numbers	Percentage of Undivided Interest In the Common Elements (Each Apt.)
3-Bedroom:		
3-A	B-301	2.449
2-Bedroom:		
2-A	B-101 & B-201	1.957
2-B	A-104, A-204, A-304 B-105 & B-205	1.947
2-C	A-102, A-103, A-202, A-203, A-302, A-303, B-106, & B-206	1.898
2-D	B-112 & B-212	2.082
2-E	B-302, B-303, B-304, B-305, B-306, B-307, B-308, B-309, B-310, B-311 & B-312	1.826
2-F	B-313	1.974
2-G	A-101, A-201, & A-301	1.997
2-H	A-401	2.430
2-J	A-402	2.322
1-Bedroom:		
1-A	B-102, B-103, B-104, B-107, B-108, B-109, B-110, B-111, B-202, B-203, B-204, B-207, B-208, B-209, B-210, & B-211	1.293
1-B	A-105, A-205 & A-305	1.383
1-C	A-403, A-404 & A-405	1.703
1-D	A-406	1.805

EXHIBIT "D"

ENCUMBRANCES AGAINST TITLE

1. For any real property taxes that may be due and owing, reference is made to the Office of the Finance Director, County of Maui.

2. Location of the seaward boundary in accordance with the laws of the State of Hawaii and shoreline setback line in accordance with County regulation and/or ordinance and the effect, if any, upon the area of the land described herein.

3. Grant in favor of the County of Maui dated April 25, 1974, recorded in Liber 9973 at Page 147; granting an easement of open and clear space for the purpose of preserving clear and unobstructed view from Kihei Highway to the sea.

4. The restrictions on use and other restrictions and all other of the covenants, agreements, obligations, conditions, reservations, easements and other provisions set forth in Declaration of Horizontal Property Regime dated September 21, 1983, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 17350 at Page 721, as the same may hereafter be amended in accordance with law or with said Declaration. (Project covered by Condominium Map No. 883 recorded in said Bureau of Conveyances.) Said Declaration was amended by instruments dated June 19, 1984, recorded in Liber 17957 at Page 104, dated November 15, 1984, recorded in Liber 18273 at Page 346, and dated February 7, 1990, recorded as Document No. 90-20968.

5. By-Laws of the Association of Apartment Owners of the Condominium Project known as "LAULE'A" dated September 21, 1983, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 17350 at Page 733, as the same may hereafter be amended.

6. The restrictions on use and other restrictions and all other of the covenants, agreements, obligations, conditions, reservations, easements and other provisions set forth in Declaration of Covenants, Conditions and Restrictions for the Laule'a Interval Ownership Program dated September 21, 1983, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 17360 at Page 69, and the By-Laws attached thereto, as the same are or may hereafter be amended in accordance with law (Chapter 514E, Hawaii Revised Statutes, as amended), said Declaration or said By-Laws. Said Declaration was amended by instruments dated June 7, 1984, recorded in Liber 17936 at Page 330, and dated September 5, 1984, recorded in Liber 18150 at Page 194, supplemented by instrument dated November 15, 1984, recorded in Liber 18273

at Page 341, and further amended by instruments dated February 11, 1985, recorded in Liber 18517 at Page 241, dated February 11, 1985, recorded in Liber 18517 at Page 242, dated March 14, 1987, recorded in Liber 20475 at Page 412, and dated February 23, 1990 and recorded as Document No. 90-30203. Declaration of Annexation dated July 10, 1989, but effective July 27, 1989, recorded in Liber 23451 at Page 326.

7. Grant in favor of Maui Electric Company, Limited, and GTE Hawaiian Telephone Company Incorporated dated May 8, 1984, recorded in Liber 17908 at Page 167; granting a perpetual easement to build, construct, reconstruct, rebuild, repair, maintain and operate pole and wire lines and/or underground lines, etc., for the transmission and distribution of electricity.

8. MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT AND FINANCING STATEMENT.

MORTGAGOR	:	THE LAULE'A RESORT JOINT VENTURE, a Hawaii general partnership
MORTGAGEE	:	CONTINENTAL BANK N.A., a national banking association
DATED:	:	August 23, 1989
RECORDED	:	Liber 23661 Page 546
AMOUNT	:	$11,000,000.00

EXHIBIT "E"

LAULE'A APARTMENT OWNERS ASSOCIATION

ESTIMATE OF MAINTENANCE FEES - 1990

AND

ESTIMATE OF BUDGET MAINTENANCE FEE DISBURSEMENTS - 1990

intenance Fee - 1990

artment Type	Annual Total	/ No. of Units	=	Annual Total/Unit	Monthly Fee Per Unit
1-A	39,340.32	16		2,458.77	204.90
1-B	7,898.70	3		2,632.90	219.41
1-C	12,328.68	3		4,109.56	342.46
1-D	4,322.00	1		4,322.00	360.17
2-A	7,439.00	2		3,719.50	309.96
2-B	18,510.40	5		3,702.08	308.51
2-C	28,864.40	8		3,608.05	300.67
2-D	7,829.06	2		3,914.53	326.21
2-E	38,041.30	11		3,458.30	288.19
2-F	3,750.84	1		3,750.84	312.57
2-G	11,336.10	3		3,778.70	314.89
2-H	4,621.51	1		4,621.51	385.13
2-J	5,286.70	1		5,286.70	440.56
3-A	4,722.51	1		4,722.51	393.54
	194,291.52	58		54,085.95	4,507.16

Barry Brown Realty, as managing agent for the condominium hereby certify that the above estimates of maintenance fee assessment and disbursements were prepared in accordance with generally accepted accounting principles.

Barry Brown

DATE: February 1, 1990

ASSOCIATION OF APARTMENT OWNERS
LAULE'A CONDOMINIUMS

	ANNUALLY	MONTHLY
TOTAL RECEIPTS	194,291.46	16,190.96
CUSTODIAL	17,480.00	1,456.67
POSTAGE & PRINTING	500.00	41.67
ACCOUNTING	11,000.00	916.67
AUDIT & TAX PREP	1,750.00	145.83
ELECTRICITY	4,500.00	375.00
GAS	4,500.00	375.00
WATER	8,500.00	708.33
SEWER	16,700.00	1,391.67
MAINTENANCE SUPPLIES	2,500.00	208.33
ELEVATORS	2,303.40	191.95
LANDSCAPE MAINT.	36,400.00	3,033.33
POOL/SPA - CHEMICALS	2,500.00	208.33
POOL/SPA REP & MAINT	1,800.00	150.00
REFUSE COLLECTION	3,105.00	258.75
PEST CONTROL	1,780.00	148.33
INSURANCE	22,000.00	1,833.33
INSPECTION FEES	200.00	16.67
EDUCATIONAL FUND (2.00/ UNIT)	116.00	9.67
RESERVES	31,929.00	2,660.75
SUBTOTAL	169,563.40	14,130.28
MANAGEMENT FEE	16,956.34	1,413.03
EXCISE TAX	7,771.72	647.64
GRAND TOTAL	194,291.46	16,190.96

EXHIBIT "F"

SUMMARY OF SALES CONTRACT AND ESCROW AGREEMENT

Copies of the specimen Apartment Unit Sales Contract, Apartment Deed and executed Escrow Agreement have been submitted as part of the registration. On examination, these documents are found to comply with the Condominium Act. Specifically, but without limitation, they comply with Section 514A-40(6) and sections 514A-62, 514A-63, and 514A-65. The Escrow Agreement is dated September 28, 1989, and identifies Hawaii Escrow & Title, Inc. as the Escrow Agent for the handling of purchase money for apartment unit sales.

It is incumbent upon the purchaser and prospective purchaser that he/she read with care these documents. The Escrow Agreement establishes how the proceeds from the sale of apartments are placed in trust, as well as the retention and disbursement of this trust fund. The specimen Sales Contract also determines the time for and amount of payments on the purchase price, and for the payment of all closing costs which are the buyer's obligations.

By signing a Sales Contract, each apartment unit buyer, among other things, will: (1) warrant that he/she has the ability to pay the purchase price for the apartment either from his/her own funds and/or the proceeds of a loan that the buyer promises he/ she can obtain; (2) agree that interest on buyer's funds will belong to the seller; (3) agree not to take possession until after closing; (4) accept the condominium documents and form of apartment deed, the escrow agreement and the Supplementary Report; (5) agree to prepay, if required, insurance premiums, maintenance fees and real property taxes; (6) agree to buy "as is", without any warranties; (7) accept the estimate of monthly maintenance fees and that TLRJV has retained the managing agent for the Condominium; (8) accept that TLRJV will not sponsor, arrange or promote any program for the rental or temporary use and occupancy of apartments in the condominium and that the buyer, if he/she so desires, must make such arrangements for his/her own apartment without the involvement or participation of TLRJV, and that TLRJV has not authorized agents, salesmen or brokers to make any representations as to rental or other income from any apartment or any other economic benefit, including possible advantages from the ownership of an apartment under federal and state tax laws, and that TLRJV expressly disclaims and repudiates any representation from any source as to any such possible economic benefit arising from the use and/or ownership of an apartment in the condominium, and that until December 31, 1993, or until TLRJV closes the sale of all apartments in the Condominium and all interval ownerships in the timeshare program, whichever comes first, the buyer shall not enter into any rental pool or other arrangement for the sharing of income and/or expenses with other purchasers, lessees or owners of other apartments in the Condominium; (9) "preclose" of the Sales Contact; (10) limit assignment of the Sales

Contract; (11) permit TLRJV to keep the buyer's payment deposits if the buyer defaults. The Sales Contract covers many other important matters that are not described in this Report.

The Sales Contract and Escrow Agreement also provide, in effect, that a buyer shall be entitled to a refund of his or her funds, and Escrow shall pay such funds to a buyer, if:

(a) Escrow receives a written request from The Laule'a Resort Joint Venture to return to buyer the funds of such buyer then held by Escrow; or

(b) If the buyer exercises his or her right to cancel prior to the earlier of (1) the conveyance of the apartment to buyer or (2) midnight of the thirtieth (30th) day following the date of delivery of the Public Reports, provided however, that the buyer has not previously waived his or her right to cancel; or

(c) The buyer shall have the right to rescind the Sales Contract if there is a material change in the condominium which directly, substantially and adversely affects the use of value of (1) such buyer's apartment or appurtenant limited common elements, or (2) those amenities of the Condominium available for such buyer's use, unless the buyer has waived his or her rights of rescission or deemed to have waived such rights.

In certain circumstances, in the event of a cancellation, the buyer is responsible for the Escrow cancellation fee and other costs as stated in the Escrow Agreement and Sales Contract.

Apartment unit purchasers and prospective purchasers should read all provisions of the specimen Sales Contract and the Escrow Agreement with care.

[NOTE TO PURCHASERS AND PROSPECTIVE PURCHASERS OF INTERVAL OWNERSHIPS: Copies of the specimen Interval Ownership Purchase Contract, Interval Deed, and Escrow Agreement For Interval Ownership Purchase have also been submitted to the Commission, but only for examination with respect to the Condominium Act. These specimen documents comply with the Sections of the Condominium Act specifically mentioned earlier in this section. Prospective purchasers and purchasers are advised that these specimen document become applicable only upon approval of the application for timeshare registration by the Department of Commerce and Consumer Affairs. The Real Estate Commission makes no representations or warranties on the interval ownership program for the project.]